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HISTORICAL STAFF
CENTRAL INTELLIGENCE AGENCY

WESTERN HEMISPHERE DIVISION
1946 - 1965

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Latin American officers in Panama, and also supplied material for the US Army Intelligence School to use in training foreign students on Communism. Nine CIA officers lectured at a Fort Holabird course for senior Latin American officers in 1961, capping their presentation by producing a Soviet defector who spoke on the Soviet intelligence service.[267]

CIA maintained a station in Havana throughout 1960 but faced increasing operational difficulties--some of CIA's own making. Probably the outstanding flap was the capture of three TSD technicians, caught in the act of planting a microphone in the New China News Agency office. An analysis of this operation, made when the technicians were released 18 months later, showed that they had ignored many of the basic rules of tradecraft. On the other hand, the Cubans had given them only perfunctory interrogations.[268]

In 1960 the Havana Station consisted of [James A. Noel], chief of station; Arthur Avignon, deputy; about six case officers and as many secretaries. Life was unpleasant; Castro agents shadowed American Embassy personnel, monitored their telephone conversations, and tried to pump their children about what

daddy was doing. As relations between the United States and Cuba deteriorated the station concentrated on support for the Cuban invasion then being planned, and on developing stay-behind assets. Frank Belsito and later Ralph Seehafer were designated as "stay-behind officers" and regularly reported on a dozen or so agents and nets, a few of which survived the station's closing.*

The break in diplomatic relations with Cuba was predictable, and during the fall of 1960 Embassy dependents were moving themselves and their household effects back to the United States. Avignon made a special trip on the Havana-Key West ferry to take out his personal car, silverware, and a $1,500 violin. Station files not absolutely essential were crated and shipped back to Headquarters. Case officers were working 15-hour days, seven-day weeks.

When the break came, the Embassy had three days' notice that it would close on 4 January 1961. The CIA station had just installed a new incinerator

* One stay-behind agent, AMFOX-1, was still reporting in 1973 but WH Division believed he had been doubled.

and managed to burn what files it could not ship to Key West on the attache aircraft. When they were not burning papers or smashing technical equipment, case officers were caching radios or making advance payments to agents left behind.

On 4 January station personnel met at the Embassy, rode in convoy to the ferry, and sailed to the States. A few, like William J. Murray, had maintained houses until the end and lost everything in them.* 269/

This was the period when Fidel Castro, as yet unrestrained by his more cautious and practical Soviet advisors, was busily stirring up trouble in the Western Hemisphere and popularizing the phrase "exporting the revolution." A typical target was Honduras, the poorest and most primitive country in Central America. CIA's reaction was also typical of the "nation-building" and "institution-building" approach to countering subversion.

When Castro began his propaganda campaign in

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* Two years later Congress authorized the Department of State to reimburse its employees the depreciated value of furnishings left in Cuba. Payments fell far short of replacement costs.

> of assets commencing with a close personal relationship between the station chief and the President of Mexico, high-level telephone taps, photographic surveillance, unilateral intelligence assets and a broad scale of covert action capabilities.

Within a week of the inspector's visit Frederick W. Cole was relieved as chief of station in La Paz, partly because of comments made by Ambassador Ben Stephansky, a former labor attache who had not worked closely with CIA. Lyle T. Shannon, COS, Panama City, left WH Division (perhaps coincidentally) a few months after the Inspector General had described him thus:

> The chief of station is a GS-18 who has served in many different posts in the Agency. He has been in Panama for about five years. A wide gap in human relations exists between the chief of station and his staff. He is coldly aloof and is reputed to brook no difference of opinion even on questions of operational procedures. He is a hard-driving administrator. His talents along this line are granted even by the Ambassador, who bluntly discredits his ability as an intelligence officer. 275/

Although the separate Task Force W (TFW) was not officially established until 8 March 1962, the planning and execution of the Bay of Pigs operation

were for all practical purposes conducted independently of WH Division and therefore are not covered in this history. There was an informal but understood shortcut in the chain of command; basic decisions were made at the DDP, DCI, or Presidential level. Although some of the key personnel were detailed from WH Division, the Cuban Headquarters unit was in another building and no one pretended that J. C. King was running the show.

Jacob D. Esterline, a veteran WH Division officer who later became deputy chief of the division, was chief of the Cuban unit during the buildup and invasion attempt, and took his orders from the DDP. When the Cuban unit was made officially autonomous as TFW and later as the Special Affairs Staff (SAS), it was headed first by William K. Harvey and then by Desmond FitzGerald, Bruce B. Cheever and John L. Hart, none of whom had previous service in WH Division. It was not until 1965 that the Cuban unit really lost its autonomy and again came firmly under WH Division.

Actual expenditures in FY 1961 illustrate the disparity between Cuban operations and the

parent WH Division. In that year total obligations for Cuban operations were $41,498,743, or almost four times the $11,003,991 spent in the rest of Latin America. Except for Cuba 1961 was a representative year, and these were the obligations for regular stations throughout the hemisphere:

Brazil	$1,498,101	Colombia	$301,389
Mexico	1,384,505	Dominican Rep.	261,148
Venezuela	922,424	Costa Rica	231,351
Argentina	802,302	El Salvador	222,037
Chile	646,768	Honduras	103,820
Panama	579,310	Nicaragua	92,088
Uruguay	521,082	Haiti	77,675
Guatemala	418,778	Paraguay	54,606
Peru	380,422	West Indies	41,864
Ecuador	336,367	Puerto Rico	24,377
Bolivia	303,210		

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Until the nearly 1,200 prisoners taken at the Bay of Pigs could be ransomed with shipments of pharmaceuticals, CIA regularly supported their dependents in the United States. In the opinion of the General Counsel, if a dependent had sued, courts would probably have found that Cuban Brigade members were entitled to the benefits of the Federal Employees' Compensation Act. Thus by mid-1962 CIA was disbursing $311,500 per month to the dependents, plus bonuses and medical care for invaders who managed to return. These expenses, however, were paid from special funds outside

the WH Division budget.277/

Probably Castro's attempt to export his revolution reached its peak in 1962. The first Castro-inspired guerrilla action in Latin America occurred in March of that year, when Indians in the interior of Peru attacked the towns of Huampani and Satipo. A Lima Station penetration agent identified their leader as Cuban-trained and reported that radios and weapons had been smuggled in from Cuba to start the attack.278/

At year's end the US Government planned to assemble for the Organization of American States a white paper on Cuban subversion in Latin America, and in February 1963 WH Division chiefs of station met in Panama to discuss their contributions with the DCI. From this meeting came a picture of Castro's campaign of subversion.

Argentina reported that left-wing Peronists were an attractive target for Cuba; police had captured a group of terrorists organized and directed by John William Cooke, an ex-Peronist then in Cuba. Bolivia knew of 217 activists trained in Cuba within nine months and was looking forward to debriefing

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Everyone breathed easier, and the Chief, WH Division, described the operation as "one of the most tightly held of our Cuban activities." Two years later the hold was not so tight, for on 26 March 1965 the New York Times front-paged a reasonably complete and accurate account of the great sugar-sabotage operation under the headline:

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PRESIDENT KENNEDY BALKED
CIA PLOT ON RUSSIAN SUGAR

Press services picked up the story. United Press International doffed its cap to "enterprising U.S. agents," but added that "White House intervention foiled the Central Intelligence Agency's Caribbean melodrama." CIA, as usual, had no comment.283/

For across-the-board coverage of Cuba in the early 1960's the Mexico City Station was tops. Reporting on the Cuban Embassy, the COS said in February 1963:

> We intercept their mail, photograph all the people who go in and out of the Embassy, cover their telephones completely, and within a few hours of the conversations have resumes of all the phone calls. We cover their trash, and this has been found to be useful. And included in the usefulness was the discovery of a man who was doublecrossing us, who we thought was a good penetration of the Embassy.

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CIA had seven different microphones in the Cuban Embassy, one hidden in a leg of the coffee table in the Ambassador's office. Like most audio operations, this one produced a lot of chaff, but it also yielded bits of operational information showing connections between the Embassy and local Communists and students. At the airport the station was getting photographs of all travellers to Cuba, plus about 300 photos per day of their passports and documents.

Included in the take from the Cuban Embassy were the serial numbers of weapons bought by Communists for smuggling into Guatemala, plus the names and positions of the sellers. Complicating the exploitation of this information was the fact that the weapons had been sold by Mexican officials, and while the station wanted to stop the smuggling and apprehend the Communist smugglers it had no desire to upset sensitive relations with the Mexican Government.

Two high-level officers of the Cuban Embassy, one of them the cultural attache, were recruited CIA penetrations. The station had sent three agents into Cuba and was getting reports from them by secret

writing. Meanwhile it was servicing 17 accommodation addresses for Headquarters and Miami.

In spite of all this, there was little exploitable evidence that Cuba was using Mexico as a base for subversion in the rest of Latin America. Mexico was the only Latin American nation to maintain diplomatic relations with Cuba in the face of an OAS resolution intended to isolate the island. Anxious to retain this bridge to the Western Hemisphere, Castro had ordered his Embassy to do nothing which might be considered offensive by the Mexican Government.[284]

No such restraint was applied to Venezuela, where Castro-supported terrorism was rampant. On 2 November 1963, on a tip from a campesino, the Servicio de Inteligencia de las Fuerzas Armadas (SIFA) found a cache of more than three tons of Cuban arms on a beach on the Paraguana Peninsula in northwest Venezuela. CIA learned about it promptly through liaison.

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Jonathan G. Hanke, a Caracas case officer, brought sample weapons to Washington, where CIA was able to raise the serial numbers and Cuban Army insignia which had been ground off. Richard Helms,

blocs in the country: Barrientos, supported by the campesinos; General Alfredo Ovando Candia, supported by the army; and the Communists and leftists, supported by tough mine and factory workers. To have Barrientos elected, CIA first had to promote a credible election by underwriting the campaigns of both the selected winner and his token opposition at the polls.

98 The real question was whether elections would be held at all. In 18 months the La Paz Station spent $585,000, first to persuade the armed forces to clamp down on the leftists, then to persuade Barrientos to run, then to convince Ovando he should not interfere, and finally to promote enough political opposition to make the election plausible. In a genuine tour de force, COS Lawrence M. Sternfield produced what OAS observers called a democratic and honest election--and got the results from the electoral tribunal four days before the election.

On 7 April 1964 President Lyndon B. Johnson presided at a White House meeting which laid down general guidelines for CIA action against Cuba. Others at the meeting included Secretary of State

Dean Rusk, Secretary of Defense Robert S. McNamara, General Maxwell Taylor of the Joint Chiefs of Staff, Presidential Advisor McGeorge Bundy, DCI John A. McCone, DDP Richard Helms and FitzGerald. There was no question about charging CIA with the following types of activity:

1. Collection of intelligence.
2. Covert propaganda to encourage low-risk forms of active and passive resistance.
3. Cooperation with other agencies in economic denial.
4. Attempts to identify and establish contact with potential dissident elements inside Cuba.
5. Indirect economic sabotage.

There was sharp disagreement, however, over whether CIA should continue infiltrating sabotage agents into Cuba. McNamara, Taylor and McCone favored more sabotage raids, but Rusk and Bundy feared that CIA raids might undermine the US "clean hands" posture in the OAS or give the Soviets an excuse for delaying turnover of their surface-to-air missile

(SAM) sites to the Cubans.

Finally Rusk recommended that CIA's raiding assets be kept in being but not actually used--at least until the OAS and SAM sites problems could be clarified. The President accepted this recommendation. Although CIA did try to keep its sabotage agents ready, the White House decision spelled the end of the Agency's sabotage (though not support and intelligence-collecting) infiltrations of Cuba. 306/

Agency-sponsored radio propaganda aimed at Cuba reached its peak in early 1965 with an actual expenditure of about $1,500,000 and expansion still planned. The semi-notional Cuban Freedom Committee served as cover for Radio Free Cuba, which broadcast a total of 77 hours weekly from transmitters in Miami, Key West, and New Orleans.

Started in 1961, the Cuban Freedom Committee retained a public relations firm and spent $7,000 annually to establish its cover by soliciting _bona fide_ public contributions. In its first year these totalled $5,000, but by 1965 public support had dwindled to $200. One of the difficulties was that any widespread US appeal for funds for Radio Free Cuba

would perforce have to attack Castro, and might therefore be considered domestic propaganda exceeding CIA's charter.

Outside the committee, CIA operated a transmitter calling itself Radio Americas and broadcasting from Swan Island, and bought time for anti-Cuban broadcasts from three commercial stations. Programming on these four stations totalled 119 hours weekly in addition to the 77 on Radio Free Cuba.[307]

Swan Island, roughly a mile and a half long and three-quarters of a mile wide, lies in the Caribbean 125 miles north of the Honduran coast. Both the United States and Honduras claimed sovereignty over the island in the 1960's. The US Weather Bureau had manned a weather station there since 1949, and CIA first set up a covert transmitter in 1954 to support its propaganda against the Arbenz regime in Guatemala.*

Apart from the question of its real impact—in Cuba and the psychological problems of a staff living

* Under a 1971 agreement the US relinquished its claim to sovereignty but retained the right to operate a weather station.

in almost total isolation, the Swan Island transmitter raised a nightmare of cover complications. Operating as Radio Americas, it was supposedly under cover of the Vanguard Service Corporation, an Agency proprietary which offered no services, and the Gibraltar Steamship Corporation, another proprietary which operated no steamships. A Boston millionaire who claimed to own the island collected rent from the Vanguard Corporation, which could not afford to argue, but not from the Weather Bureau, which disputed his claim. Vanguard contracted with Coastal Air of Miami for one light-aircraft supply flight a week and with the Logistics Service Corporation of Philadelphia, a Philco subsidiary, to maintain the island facilities and transmitting equipment. All of this enabled CIA to play tapes and broadcast the commentaries of the three Cuban announcers stationed on the island, but it did not prevent Radio Habana from pinpointing the transmitter and calling it a CIA propaganda mechanism.[308/]

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Nevertheless in early 1965 Congressman Roman C. Pucinski (D-Ill.), a member of the Cuban Freedom Committee executive board, was pressing CIA to saturate

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the Cuban airwaves and smuggle or airdrop transistor radios into Cuba to expand the audience. Inside the Agency FitzGerald politely rejected the congressional advice but pointed out that WH Division already was planning the University of the Air,* which would broadcast college-level courses to divide the loyalty of Cuban students. 309/

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Another congressional critic was Senator Eugene McCarthy (D-Minn.), perennial sponsor of bills to create a CIA Watchdog Committee and author of a January 1964 Saturday Evening Post article entitled "The CIA Is Getting Out Of Hand." In April 1965 FitzGerald and Seymour Bolten of WH Division met with the Senator to discuss the Christian Democratic social and political programs of the Catholic Church in Latin America. After this meeting McCarthy, a devout Catholic, considerably tempered his assessment of the Agency. 310/

US relations with Cuba entered a new phase after the Cuban missile crisis of 1962 when Agency

* This project was abandoned following press exposure of CIA's relations with American universities and student groups. 98

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facilities provided the Kennedy administration with positive information on the buildup of Soviet missile capability on the island. This episode is documented elsewhere and is outside the scope of this present paper.

One of FitzGerald's major successes against Cuba was in the field of economic warfare--called the MHVIPER program in CIA. After a hurricane ripped through the island in 1964, Castro's economists and publicists began a campaign to persuade free-world sugar brokers that the Cuban sugar crop had been badly damaged and exports would be low. The object, of course, was to drive up sugar prices on the world market, on which Castro depended for hard currency to finance imports.

At first the campaign worked and sugar prices did skyrocket. But FitzGerald was not convinced, and sent Natalie Scott to London to study economic reports from the British Embassy in Havana. Partly on the basis of her research, the US Government's sugar-crop forecasters concluded that despite the hurricane Cuba would harvest more sugar than ever.

FitzGerald arranged to have a Department of

State official leak this general conclusion to the New York Times. Sugar prices dipped, but rallied when Castro indignantly denied the Times story. The Department then officially announced the US Government estimate that there would be no shortage of Cuban sugar. As it turned out, the US estimate was right.

After the official announcement world sugar prices dropped several cents per pound, and this time they stayed down. At a time when fluctuations of one cent a pound meant millions of dollars to the Cuban economy, publication of the essentially correct estimate upset Castro's attempts to manipulate the market.[311/]

Late in the summer of 1964 the DDI told FitzGerald that the Department of State was inquiring informally about the possibility of setting up a CIA channel for plausibly deniable clandestine contacts with Cuba. FitzGerald replied:

> It seems to me that the establishment of a continuous two-way conversation with Fidel Castro at a time when we have nothing to convey to him would be a serious mistake.... It may be that Secretary Rusk feels that the present establishment of conversations with Fidel Castro should

> be considered in order to make sure that we will have the ability to speak to him when or if the time comes. On this score I do not feel there is any reason for worry. There are a number of ways in which we can communicate to Fidel Castro virtually at a moment's notice. 312/

Part of CIA's economic warfare against Cuba involved an elaborate scheme to supply tampered petroleum additives through an Agency mechanism in Antwerp. This was planned as subtle sabotage; after being mixed with Soviet petroleum the additives would surely but imperceptibly incapacitate Cuban machinery. Unfortunately, the doctored additives proved anything but subtle and the Cubans promptly discovered they were unusable. 313/

Also a failure was an attempt by Francis S. Sherry and William C. Boner, Jr., of the Cuban Operations Group (WH/COG) to persuade Detroit automobile executives to produce spare parts deliberately designed to break down. Sherry and Boner went to Detroit in early March 1965 and explained to manufacturing vice presidents that the defective parts could be sent to Cuba through third-country suppliers. But the automobile executives refused to cooperate; they feared that their companies' reputations would

be ruined if the doctored parts accidentally got into the wrong channels.[314/]

In the wake of the ill-fated Bay of Pigs invasion of 1961 and the active years of 1962-1964, anti-Castro operations began to diminish in 1965. Operations continued but at a slower pace. John L. Hart had the title of Deputy Chief, WH Division, for Cuba (DCWHD/C), and operated a large base in Miami with virtual autonomy. A chain of safehouses, training sites and boat-moorages stretched through the Florida keys to Key West. From these CIA launched maritime operations which regularly placed and retrieved agents from the Cuban coast, but whose intelligence product often did not justify the effort.[315/]

Meanwhile CIA ran a dwindling number of on-island intelligence agents, including some handled in cooperation with the US Navy base at Guantanamo, where hundreds of Cubans still worked by day and returned to Castroland at night. As the Cuban General Directorate of Intelligence (DGI) improved and expanded under Soviet tutelage, CIA agent networks were rolled up and even singleton

agents dropped out of contact. Typical was Radio Habana's 12 May 1965 announcement that "31 counter-revolutionaries, members of a CIA espionage network" had been arrested. Of the 14 actually named in the broadcast, WH Division identified six who had worked with Juan Bautista Perez Luis (AMTAUP-10), chief gardener at the naval base and principal agent for CIA. Although he had been debriefed in Miami in January, Perez' location and status were not known in May.316/

Probably the most successful political operation in WH Division's history was the Chilean election of 4 September 1964 in which Eduardo Frei of the Christian Democratic Party decisively defeated Salvador Allende, Marxist leader of a Communist-dominated coalition.* Drawing on covert mechanisms established by Santiago Station years earlier, plus new procedures and assets developed for the election, the campaign to assure Frei's victory cost CIA about $2,600,000. Its success kept Allende at bay until 1970, when no such intervention by CIA was authorized.

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* For a full description, see "The Chilean Election Operation of 1964, a Case History, 1961-1964." CSHP-1.

that FitzGerald had won the President's confidence in several meetings. Freeman, who had been in Mexico only a few months, apparently simmered down after his talk with the assistant secretary.318/

The Mexico City Station devoted a major part of its time to running or supporting operations against Cuba; 47 percent of its cable traffic concerned Cuban operations. Mexico was the only Latin American country maintaining diplomatic relations with Castro and had the only direct air link to Havana. WH Division assigned top priority to recruiting agents in place in Cuba, and Mexico City Station not only ran its own operations but supported the tentative plans of other stations.

The variety and volume of technical operations created a heavy workload managing safehouses, listening posts, and vehicles. For photography alone the station had six base houses commanding the entrances to target embassies, two mobile photosurveillance trucks, and three agents trained in photosurveillance on foot. It was such projects that provided information on the visits of Lee Harvey Oswald, President Kennedy's assassin, to the Cuban and Soviet Embassies

in Mexico.[319/]

CIA's clandestine information on Oswald, including a photograph showing him in front of the Soviet Embassy, was turned over to the FBI, which promised to safeguard Agency sources and methods. Instead, the Bureau showed the photograph to Oswald's mother in Dallas and told her it was a CIA photo. The mother gave the press a garbled story about the photo, the FBI gave the press the correct story, and eventually CIA's clandestine information became part of the voluminous Warren Commission report on the Kennedy assassination. In the process Mexico City Station had to abandon its photosurveillance base houses, which had been thoroughly blown.[320/]

In the early 1960's WH Division built an extensive political polling mechanism around the Institute for the Comparative Study of Political Systems, a proprietary whose project cryptonym was JMTUBA. From 1962 to 1966 the institute conducted 20 polls in nine Latin American countries. Their cost cannot be computed because many of the expenses were charged to other projects. 98

In FY 1965, for example, political polls in